



August 3, 2020

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW., suite 3E-218
Washington, DC 20219

RE: National Bank and Federal Savings Association Digital Activities (Docket ID OCC-2019-0028)

Delivered via email: regs.comments@occ.treas.gov

Ladies and Gentlemen,

Visa Inc. ("Visa") welcomes the opportunity to comment on the Office of the Comptroller of the Currency ("OCC")'s consultative document **National Bank and Federal Savings Association Digital Activities**.

We strongly agree with the OCC's observation that technological change has transformed the financial industry. In our view, technological advances can have dramatic effects on traditional operating models and customer experiences. As such, it is imperative that industry regulators understand the impact of new technological developments, and to the extent guidance or other action is determined to be appropriate, that such guidance or action must continue to foster an environment that facilitates security, enhances stability, and does not stifle innovation.

We applaud the OCC's efforts to understand how financial services are evolving to serve consumers, businesses, and communities effectively, and ensure that regulations similarly evolve to enable national banks and their partners to keep pace with the needs of their customers. Given Visa's focus on technology and global vantage point as a leading payments provider, we are pleased to offer our perspectives on the OCC's consultative document.

About Visa Inc.

Visa is a world leader in digital payments. We are a global payments technology company that connects consumers, businesses, financial institutions, and governments in more than 200 countries and territories, enabling each of them to use digital payments and participate in a global marketplace.

For over 60 years, Visa has brought together the ideas, innovation, data, and partners required to make the digital transformation of society more sustainable and inclusive. Our mission is to connect the world through the most innovative, reliable and secure payment network - enabling individuals, businesses and economies to thrive. We are committed to staying at the forefront of innovation by emphasizing openness, collaboration and engagement with the wider economy. We believe that innovation can, and will, come from anyone, anywhere.

Visa is not a bank and does not issue cards, extend credit, or set rates and fees for account holders on Visa products. Rather, Visa operates a state-of-the-art, innovative, reliable, and secure global payment network, VisaNet, which is capable of handling more 65,000 transaction messages per second. Visa's

network facilitates the clearing and settlement of payment transactions and provides numerous security and risk services, such as fraud monitoring, that help our clients and partners ensure the integrity of payments and broader use of the financial system. During fiscal year 2019, Visa's total payments and cash volume grew to \$11.6 trillion and more than 3.4 billion cards were available worldwide to be used at more than 61 million merchant locations. With new ways to pay, we are evolving into a company that enables money movement for everyone, everywhere.

Visa's perspectives on the OCC consultation

Overview

Technology is rapidly transforming the financial services landscape, changing the way consumers interact with their financial institutions to facilitate the payments process and offering new options for consumers, ultimately helping them make better financial decisions. The growth and development of domestic economies depends on the ability of institutions and individuals in nations around the world to participate in the interconnected global economy. VisaNet's global reach and scalability allows governments and central banks to integrate themselves immediately into that economy. Once that connection is made, nations and their citizens join a network that provides connectivity to the economies of over 200 other nations and territories.

Visa applauds the OCC's ongoing efforts to adapt its regulatory approach through, for example, establishing a "responsible innovation" framework to enable a regulatory structure that is receptive to innovation and accounts for technological evolution. Visa agrees with the OCC's focus on a regulatory framework that: 1) ensures technology neutrality, 2) facilitates consumer protection and privacy, and 3) promotes a principles-based approach to regulation.

In our comments below, we expand on these key principles and provide additional perspectives on the evolution of technology in the payments sector for the OCC's consideration. We then share our thoughts on tools and technologies that financial services companies and fintechs are actively developing to support banking activities for large and small institutions. Our comments are meant to provide broad observations on technological developments in payment services. We do not provide specific perspectives on the effectiveness of existing regulations.

Core policy principles

The global payments industry is experiencing an influx of investment and new entrants that is driving business model evolution and creating a complex and dynamic competitive landscape. As the payments ecosystem continues to evolve, government policies that support open, secure, and interoperable digital frameworks can facilitate innovative solutions and help drive growth in the digital economy. In our view, digital frameworks work best when they are principles- and risk-based and technology neutral, while ensuring enough flexibility to enable innovation. Visa believes that digital frameworks should:

- Enable interoperability through global standards. Global interoperable standards enable ubiquity by creating a common approach at the physical and technical level for delivery of digital solutions, including payments. Since global standards are foundational to many industries – including payments – promoting the use of global interoperable standards contributes to economic growth by improving security, lowering adoption costs, facilitating innovation, simplifying technical specifications, and enabling companies to achieve economies of scale.

- Prioritize privacy protection. Ensuring public trust to handle and use important financial data necessitates a commitment to privacy, security, and transparency. Safeguarding consumer personal information is also paramount for the safe and continued growth of the digital ecosystem. Visa believes consumers should benefit from data-driven innovations and be empowered to manage their data in ways that make the most sense to them. Digital governance frameworks should take into account the consumer perspective and ensure that consumers understand what they are consenting to if they choose to share their data.
- Ensure a principles-based approach and ensure technology neutrality. Flexible, principles-based, and technology-neutral regulatory frameworks and guidance enable organizations to maintain consumer trust and achieve compliance with security, privacy, and industry-specific laws, regulations, and other self-governing frameworks in the ways that best suit an organization's specific profile and the needs of their customers. Principles-based frameworks recognize that there is no one-size-fits-all approach to privacy and other consumer financial protections. This enables organizations to deliver effective, innovative, and secure products and services in a way that best meets customers' demand for convenient and privacy-aware technologies.¹
- Champion security. Visa has an unrelenting focus on security as our top priority. To that end, we are focused on the ecosystem in totality and we have built one of the most sophisticated cybersecurity systems in the world to protect the Visa network. We recognize that governments also play an important role in enabling a safe and secure cybersecurity environment. When it comes to government policies, Visa favors a principles-based policy approach that promotes a flexible, risk-based approach to cybersecurity and encourages transparency and information sharing among industry players.

Visa Responses to Selected OCC Topics of Interest

Cryptocurrencies, crypto assets, and distributed ledger technology

Blockchains are used to create and maintain a shared system of record for tracking transactions or other data. Blockchains, especially when used in combination with complementary technologies such as smart contracts, provide a powerful toolkit for a broad range of financial services applications. For example, in trade finance, blockchain and distributed ledger technology are used to streamline the process of financing transactions, bringing greater efficiencies to letters of credit and simplifying cross-border trade.

The United States was one of the earliest jurisdictions to address digital currency and the first to assign obligations to those businesses exchanging these currencies in order to guard against financial crime.

¹ In this regard, we would caution against regulations or guidance that potentially disincentivize national banks from taking actions that could strengthen their digital strategies, as well as provide additional fraud, privacy and security protections for their customers, out of concern that doing so would subject them to increased and uncertain regulatory oversight or obligation. For example, recent OCC third party risk management guidance on oversight of data aggregators appear to place heightened obligations on financial institutions that enter into specific agreements with an aggregator for API-based consumer data access channels, which could potentially discourage national banks from seeking additional privacy and security related protections for their customers.

For instance, the Financial Crimes Enforcement Network (FinCEN) required financial institutions within its jurisdiction to adopt the so-called “Travel rule,” several years before becoming a Financial Action Task Force (FATF) recommendation in 2019. This and other efforts has made the United States an early leader in cryptocurrency regulation.

For our part, Visa has been working closely with licensed and regulated digital currency firms to provide a bridge between digital currencies and our existing global network of 61 million merchants. Our objective is to enable digital currency users to spend from their digital currency balance using a Visa debit or prepaid credential—anywhere Visa is accepted.

Visa’s digital currency partners are also looking to use the full range of Visa’s capabilities, including Visa Direct, which makes it faster and easier for consumers to convert digital currency and push fiat-denominated funds to their Visa credentials in real-time. Much of this work is happening through Visa’s FastTrack program, which helps fintechs, including those in the digital currency space, integrate quickly with Visa’s global network and partner with issuing financial institutions. Through these efforts, Visa has become the preferred network for digital currency wallets, which are eager to deepen their value to users by making it quicker and easier ways to spend digital currency worldwide.

Our research team has also been exploring the science of blockchain technology. As an example, Visa’s research team has proposed several solutions to address some of the problems with blockchain technology, such as sharding,² to improve the scalability of blockchain use. Visa is also working with partners to find ways to help digital currencies gain greater acceptance, including by leveraging smart devices to make crypto-currency related transactions more secure. For example, our research team has done extensive analysis on ways to mitigate the risks of quantum computing based attacks by leveraging enhanced computation power to weaken or comprise existing cryptographic algorithms universally used in IT systems and blockchain networks.

We recognize that enterprise adoption of blockchain technology can improve several core functions in financial services by providing tamper evident and tamper resistant digital ledgers. However, absent further innovations, inherent challenges with respect to improving scalability, security and device usage, can limit consumer adoption and fail to meet regulatory standards. Visa Research is continuing to improve upon the innovations of blockchain technology; we would welcome further discussions with the OCC to share our current findings and research innovations.

Artificial Intelligence

Artificial Intelligence (AI) and Machine Learning (ML) technologies have advanced significantly in recent years, driven by improvements in big data analytics, high-powered computing, and deep learning capabilities. There is a broad spectrum of use cases for AI and ML in financial services, including for automated trading and investment, robo-advising, chatbots, customer behavioral analysis, identity verification, and fraud detection. Many financial institutions apply their existing model risk management

² Sharding can make blockchain transactions more efficient and improve scalability by reducing the total number of nodes required to process transactions. However, this process can compromise the security of the blockchain by essentially shortcutting blockchain’s inherent security designs.

framework to machine learning, and also look to AI/ML to perform risk management and compliance functions, such as “Know Your Customer” checks.

Visa pioneered the development of AI in our sector, beginning in 1993 as the first payments network to use neural networks for real-time, risk-based fraud analytics. Today, we are increasingly leveraging the power of data and data-driven technologies, like AI/ML, for a wide variety of purposes across our business, including security, product and service delivery, operational efficiency, and network reliability. These use cases fall broadly into three areas, all of which relate to helping businesses grow and improving the quality of life of consumers.

First, we use data to improve Visa’s ability to serve the payments ecosystem by delivering greater operational efficiency, predicting and preventing network disruption, and tackling digital economic crime. Visa is constantly looking at ways to use AI/ML to increase our robust fraud and risk management capabilities. In 2019, Visa’s AI-powered risk scoring engine, Visa Advanced Authorization (VAA), helped financial institutions prevent an estimated \$25 billion in fraud. Furthermore, Visa uses AI and deep learning technology to monitor our network and understand the threats aimed at our company. Our platform collects billions of security logs each day, providing insight across the network and within our infrastructure. We combine this data with external intelligence on attacks observed outside of our data centers and network. Using ML tools, we focus on the events that appear to pose a risk, enabling our cybersecurity team to intervene. We operate this platform globally, with teams in multiple time zones detecting and responding 24x7x365.

We also use data to develop products and services for the benefit of our clients and the customers they serve by, for example, providing behavioral insights, market benchmarking, forecasting, and driving innovation across the sector. Finally, Visa supports the use of data for the good of society; for example, we are exploring the use of data to tackle sustainability and vulnerability challenges such as financial exclusion.

Concluding remarks

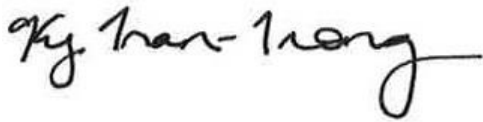
As described above, the last decade has seen remarkable advances in technological progress that are reshaping economies and driving commercial growth, including e-commerce. This growth presents individuals, businesses and governments with enormous opportunities. In order to realize these opportunities, Visa is partnering with fintechs, clients and others to enable access to secure e-commerce solutions for every business—large and small. We are applying our unrivalled expertise in payments at the physical and virtual point-of-sale to person-to-person payments and disbursements. This enables freelance workers to be paid digitally within minutes or hours, increasing the efficient flow of money through the economy. As digital payments take root, so does economic growth that fuels inclusive progress.

As technology evolves and new competitors enter the space, ecosystem participants have incentives to ensure that the system is as efficient as possible. For Visa, that means investing in new technologies and solutions that enhance our capabilities and make it easier for people and businesses to get paid. In order to achieve this, Visa’s product development and partnerships are focused on ensuring that Visa is the network of choice for financial institutions and fintechs for any type of payment from anyone to anywhere, including person to person (“P2P”), business to consumer (“B2C”), business to business (“B2B”) and government to consumer (“G2C”).

Building a more open and inclusive world for everyone is the right thing to do for individuals, businesses and economies. When individuals and businesses have freedom of choice, movement, access and expression, progress will naturally follow. We continue to work with our clients, partners and employees to develop new products and services that benefit all players in the payments ecosystem. We welcome the OCC's efforts to ensure that its regulations continue to evolve to enable payment system participants to innovate and respond to the needs of their customers while maintaining the safety and soundness of the banking system.

Visa recognizes the importance of the OCC's interests in payments innovation, and we appreciate the opportunity to provide our perspectives on the evolving technology landscape. If you have any questions regarding our comments, please do not hesitate to contact me at (202) 419-4109 or ktrantro@visa.com.

Sincerely,

A handwritten signature in black ink, reading "Ky Tran-Trong". The signature is fluid and cursive, with the first name "Ky" and last name "Tran-Trong" clearly legible.

Ky Tran-Trong
Vice President, Global Regulatory Affairs
Visa Inc.